

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-01 INR-07 NSAE-00 CIEP-02 SP-02 STR-04
TRSE-00 LAB-04 SIL-01 OMB-01 AGRE-00 /062 W
-----151758Z 050006 /47

R 151251Z FEB 77
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 3029
INFO ALL EC CAPITALS 3132
USDEL MTN GENEVA
USMISSION GENEVA
USMISSION OECD PARIS

UNCLAS SECTION 1 OF 2 EC BRUSSELS 01437/1

E.O. 11652:N/A
TAGS:EAGR,EEC
SUBJECT: EC 1977/78 FARM PRICE PACKAGE

REF: (A) 76 EC A-474,(B) 75 EC BRUSSELS 11315

1.SUMMARY: THE EC COMMISSION HAS ISSUED ITS 1977/78 FARM
PRICE PROPOSALS FOR COUNCIL APPROVAL.THE PACKAGE CALLS FOR A
MODERATE AVERAGE INCREASE OF 3 PERCENT IN FARM PRICES AS EX-
PRESSED IN UNITS OF ACCOUNT,BUT WITH GREEN
RATE ADJUSTMENTS THE INCREASES
WILL BE LOWER FOR THE STRONG CURRENCY STATES (E.G., .04
PERCENT FOR GERMANY)AND HIGHER FOR THE WEAK CURRENCY STATES
(EG. 9.3 PERCENT FOR THE UK). THE PRICE INCREASES WILL BE
FURTHER AUGMENTED FOR IRELAND AND THE UK BY THEIR ADJUSTMENT
TO CONSUMER PRICE LEVELS.IN THE DAIRY SECTOR,THE COMMIS-
SION PROPOSES NO SUPPORT PRICES INCREASES IN THE FIRST HALF
OF THE SEASON AND 3 PERCENT INCREASE IN THE MILK TARGET PRICE IN
THE SECOND HALF.THE COMMISSION MAINTAINS MOST OF ITS
PROPOSALS UNDER THE MILK ACTION PROGRAM (REF.B)INCLUDING A
2.5 PERCENT CORESPONSIBILITY LEVY,BUT ANTICIPATES POSSIBLE
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WITHDRAWAL OF THE PROPOSAL FOR A VEGETABLE OILS TAX.
(SEE SEPTTEL) THE COMMISSION PROPOSAL WILL BE DISCUSSED FOR THE
FIRST TIME BY THE AGRICULTURAL COUNCIL AT THE FEBRUARY 14-15
MEETING.END SUMMARY.

2.THE EC COMMISSION HAS ISSUED ITS 1977/78 FARM PRICE PROPOSALS.
PROPOSED IMPLEMENTING REGULATIONS WILL BE ISSUED

SHORTLY,TOGETHER WITH DETAILS OF CHANGES IN GREEN RATES.
 IN TERMS OF UNITS OF ACCOUNT,THE AVERAGE PRICE INCREASE IS
 ABOUT 3 PERCENT,BUT THE CUMULATIVE EFFECT OF PRICE INCREASES
 IN UNITS OF ACCOUNT WITH PROPOSED MODIFICATIONS IN THE GREEN
 RATES AND ACCESSION COMPENSATORY AMOUNTS IN THE NEW MEMBER
 STATES WILL RESULT IN AN AVERAGE INCREASE OF 5 PERCENT.THE

FOLLOWING SUMMARIZES THE UNIT OF ACCOUNT PRICE INCREASES BY

COMMODITIES:

PRODUCT	PROPOSED PRICE (U.A./TON	1976/77 PRICE (PERCENT CHANGE)
DURUM WHEAT		
TARGET PRICE	223.20	2.0
SINGLE INTERVENTION		
PRICE	202.00	0.0
SUBSIDY	.50 UC/HA	-
SOFT WHEAT		
TARGET PRICE	156.50	3.0
COMMON SINGLE INTERVENTION		
PRICE	119.50	3.0
REFERENCE PRICE FOR		
BREAD-WHEAT	135.00	-
BARLEY		
TARGET PRICE	144.20	4.7
COMMON SINGLE INTERVENTION		
PRICE	119.50	3.0
RYE		
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TARGET PRICE	153.60	3.0
SINGLE INTERVENTION		
PRICE	127.70	3.0
CORN		
TARGET PRICE	144.20	4.7
SINGLE INTERVENTION		
PRICE	117.50	4.7
RICE		
TARGET PRICE -		
HUSKED RICE	292.98	2.97
SINGLE INTERVENTION		
PRICE- PADDY RICE	170.73	4.0
SUGAR		
MINIMUM PRICE FOR		
SUGAR BEET	25.31	3.0
TARGET PRICE FOR WHIE		
SUGAR	361.40	3.6
INTERVENTION PRICE		
FOR WHITE SUGAR	344.20	3.9

OLIVE OIL

PRODUCER TARGET PRICE 1,868.50
 MARKET TARGET PRICE 1,412.00 (1)
 INTERVENTION PRICE 1,339.50
 RAW TOBACCO
 NORM PRICE -
 INTERVENTION PRICE - 1.5
 (ON AVERAGE)

FRUIT AND VEGETABLES

BASIC PRICE -
 BUYING-IN PRICE - 2 TO 5

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MILK (3)

	FROM 4/1/77	FROM 9/16/77	3.0
TARGET PRICE FOR MILK	167.60	172.60	
INTERVENTION PRICE FOR			
.BUTTER (2), (4)	2,238.00	2,298.00	2.68
.SKIMMED MILK POWDER	913.70	936.50	2.49
.CHEESE			
-GRANA PADANO 30-60			
DAYS	2,137.90	2,616.00	2.25
-PARMIGIANO-REGGIANO			
6MOS.	2,769.60	2,827.20	2.08

BEEF AND VEAL

GUIDE PRICE FOR ADULT BOVINS

(LIVE WEIGHT) (2) 1,223.0 3.0

GUIDE PRICE FOR CALVES

(LIVE WEIGHT) ELIMINATED

PORK

BASIC PRICE (SLAUGHTER

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WEIGHT) 1,190.60 4.0

SILKWORMS

AID PER BOX OF SILK SEED 40.00 0

AID TO RECOGNIZED PRODUCER

GROUPS (PER BOX) 13.61 -9.3

(1) 1 PERCENT INCREASE IN THE PRODUCER TARGET PRICE IN U.A.

RETENTION OF MARKET TARGET PRICE BOTH IN ITALIAN LIRAS AND

FRENCH FRANCS.THEAMOUNT OF THE SUBSIDY MOVES FROM 401.1

U.A.A TON TO 456.5 U.A.

(2)PRICES ARE DIFFERENTIATED FOR NEW MEMBER STATES.

DETAILS WILL BE SENT IN SEPTEL.

(3)INCREASES ARE CALCULATED IN RELATIN TO THE SECOND PERIOD
OF THE PREVIOUS MARKETING YEAR.

(4)CONSUMER SUBSIDY FOR BUTTER IN 1976/77 A MAXIMUM OF 50

U.A./ 100 KG. (OF WHICH A MAXIIMUM OF 16.25 U.A.PAYABLE BY THE

FEOGA); IN 1977/78 THE SAME MAXIMUM WITH FEOGA CONTRIBUTION

OF 25 PERCENT BETWEEN O AND 20 U.A. AND OF 50 PERCENT

BETWEEN 20 AND 50 UA.)OF WHICH A MAXIMUM OF 20 U.A.).

MAINTENANCE OF THE PRESENT LEVEL OF SUBSIDY FOR SKIMMED MILK

POWDER FOR USE AS ANIMAL FEED.

3.THE EC COMMISSION ALSO PROPOSED CHANGES IN THE GREEN RATES.

WE UNDERSTAND THAT THE NEW GREEN RATES WILL BE AS FOLLOWS

(PRESENT RATES IN PARENTHESES):

GERMAN MARK 3,37790 (3.48083)

BELG./LUX.FR 49.1488 (49.3486)

NETH.GUILDER 3.38896 (3.40270)

FRENCH FR. 5.78235 (5.63317)

DANISH KR. 7.89407 (7.89407)

ITALIAN LIRA 988 (963)

BRITISH POUND 0.605580 (1) (0.569606)

IRISH POUND 0.712574 (0.693424)

(1) FOR MILK IN THE UNITED KINGDOM 0.587042 (DEVALUATION: -2.97;

PRICE INCREASE: PLUS 3.06) BETWEEN APRIL 1 AND SEPTEMBER 15.

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THESE NEW GREEN RATES WOULD HAVE THE FOLLOWING EFFECT ON MCA'S
AND AGRICULTURAL PRICE INCREASES:

	MCA'S AS OF 1/31/77	PROPOSED REDUCTION OF MCA	VARIAION IN PRICES
GERMANY	PLUS 9.30	2.75 POINTS	MINUS 2.96 PERCENT
BENELUX	PLUS 1.4	0.4 POINTS	MINUS 0.04 PERCENT
IRELAND	MINUS 9.5	3 POINTS	PLUS 2.79 PERCENT
FRANCE	MINUS 16.1	3 PINTS	PLUS 2.65 PERCENT
ITALY	MINUS 19.9	3 POINTS	PLUS 2.6 PERCENT
UK	MINUS 33.6	8 POINTS	PLUS 6.31 PERCENT

IF THE COMMISSION PROPOSAL WERE ADOPTED,THIS WOULD MEAN
FOR EXAMPLE THAT THE MCA FOR GERMANY WOULD BE REDUCED TO 6.55
(9.3 MINUS 2.75)AND FOR THE UK TO MINUS 25.6 AND PRICE INCREASES IN
GERMANY WOULD BE MUCH LOWER THAN THAT FOR THE UK.

4.FURTHER DETAILS AND COMMENTS FOLLOW SEPTEL.
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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
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Disposition Action: n/a
Disposition Approved on Date:
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